

# Congress of the United States

Washington, DC 20515

January 5, 2011

The Honorable Ben Bernanke  
Chairman, Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, D.C. 20551

Dear Chairman Bernanke:

On December 10, 2010, I wrote to you requesting that you withdraw the proposed Truth in Lending (“TILA”) mortgage regulations contained in FRB Docket No. R-1390 in light of the harmful changes contained within the regulation pertaining to a borrower’s “right of rescission” on home secured credit.

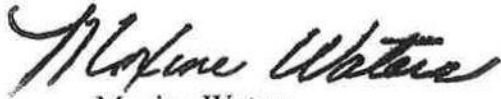
Recently, additional concerns have come to my attention regarding FRB Docket No. R-1390. In particular, I am troubled that advocates, including AARP, believe that the proposed changes regarding reverse mortgages would erode consumer protections for elderly borrowers.

As you know, the aforementioned docket proposes that lenders would be able to sell other financial products to reverse mortgage borrowers so long as that purchase occurred at least 10 days after the reverse mortgage loan was made. I am concerned that this proposed change would expose elderly homeowners to potentially predatory behavior at a time when many households have been made vulnerable by the recession. Additionally, I am concerned that the Federal Reserve’s proposed changes are at odds with the prohibition on cross-selling codified under the Housing and Economic Recovery Act of 2008 (P.L. 110-289), along with Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203), which directs the Consumer Financial Protection Bureau to study reverse mortgage transactions within one year of the transfer date and develop regulations, if needed.

During the many hearings of the Subcommittee on Housing and Community Opportunity—which I chaired during the last Congress—I heard time and again that borrowers were often confused about loan terms, were misled by brokers, and had a lack of understanding about the complexities of financial products. Given the lessons learned

from the foreclosure crisis, and the continuing reverberations from that crisis felt across our economy, I believe that an outright prohibition on cross-selling is appropriate, rather than the proposal in FRB Docket No. R-1390. I therefore would again respectfully request that you withdraw the proposed docket.

Sincerely,

A handwritten signature in black ink, reading "Maxine Waters". The signature is written in a cursive, flowing style with a large initial "M".

Maxine Waters  
Member of Congress